

AMENDED IN ASSEMBLY AUGUST 18, 2003

AMENDED IN SENATE JULY 2, 2003

Senate Concurrent Resolution

No. 39

Introduced by Senators Johnson, Karnette, Knight, and Romero
(Coauthor: Senator Morrow)

(Coauthors: Assembly Members Aghazarian, Calderon, Campbell,
Dutton, Haynes, and Shirley Horton, La Malfa, and Runner)

June 26, 2003

Senate Concurrent Resolution No. 39—Relative to ~~municipal~~ *local*
publicly owned electric utilities.

LEGISLATIVE COUNSEL'S DIGEST

SCR 39, as amended, Johnson. ~~Municipal~~ *Local publicly owned electric utilities: exit fees.*

This measure would declare that the Legislature intends that any ~~municipal~~ *local publicly owned electric* utility serving customers in newly developed areas shall be exempt from any exit fees, as long as the ~~municipal~~ *local publicly owned electric* utility was formed before June 1, 2003, and demonstrates that it has expended in good faith significant amounts of money and resources toward the creation of a ~~municipal~~ *local publicly owned electric* utility that will serve customers in newly developed areas.

Fiscal committee: no.

- 1 WHEREAS, Before September 20, 2001, a handful of
- 2 responsible cities took action to invest millions of dollars toward
- 3 the planning of a ~~municipal~~ *local publicly owned electric* utility,
- 4 including public hearings, feasibility studies, detailed economic

1 studies, and the hiring of legal, technical, and financial experts to
2 demonstrate that the ~~municipal~~ *local publicly owned electric*
3 utility would be economically feasible, as well as reliable.
4 Moreover, these cities invested hundreds of hours of staff time
5 ~~towards~~ *toward* the development of a ~~municipal~~ *local publicly*
6 *owned electric* utility; and

7 WHEREAS, ~~Municipal~~ *Local publicly owned electric* utilities
8 seeking to serve customers in newly developed areas of their
9 service territory should not be burdened with exit fees or cost
10 recovery surcharges because no customers existed in those areas
11 before and, therefore, no benefits were received; and

12 WHEREAS, Long-term contracts executed by the Department
13 of Water Resources to stabilize the market amount to less than 25
14 percent of the energy requirements of the electrical corporations,
15 and those long-term contracts begin terminating in 2005; and

16 WHEREAS, It is apparent the long-term contracts could not
17 have anticipated purchasing power for these few cities adding
18 newly developed areas, because over 75 percent of the electrical
19 corporations' energy needs are procured elsewhere; and

20 WHEREAS, The handful of new ~~municipal~~ *local publicly*
21 *owned electric* utilities will serve a miniscule portion of the state's
22 power load; and

23 WHEREAS, The burden of the exit fees and cost recovery
24 surcharges would be an unreasonable imposition on cities that
25 expended tremendous amounts of staff resources and finances on
26 creating a ~~municipal~~ *local publicly owned electric* utility without
27 any reasonable expectation that they would be subject to those
28 fees; and

29 WHEREAS, The ability of the Public Utilities Commission to
30 regulate ~~municipal~~ *local publicly owned electric* utilities is limited
31 by the California Constitution; now, therefore, be it

32 *Resolved by the Senate of the State of California, the Assembly*
33 *thereof concurring, That* ~~That~~ the Legislature intends that any
34 ~~municipal~~ *local publicly owned electric* utility serving customers
35 in newly developed areas shall be exempt from any exit fees, as
36 long as the ~~municipal~~ *local publicly owned electric* utility was
37 formed before June 1, 2003, and demonstrates that it has expended
38 in good faith significant amounts of money and resources toward
39 the creation of a ~~municipal~~ *local publicly owned electric* utility that
40 will serve customers in newly developed areas; and be it further

- 1 *Resolved*, That the Secretary of the Senate transmit copies of
- 2 this resolution to the author for appropriate distribution.

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